

Mr. Michael Sewell  
Air Quality Engineer  
Monterey Bay Unified Air Pollution Control District  
24580 Silver Cloud Court  
Monterey, California 93940

Re: Proposed Title V Operating Permit for Calpine King City Cogeneration  
(Calpine)

Dear Mr. Sewell:

EPA appreciates the opportunity to review the Title V Operating Permit for Calpine King City Cogeneration (Calpine). In accordance with 40 CFR §70.8(c), and Monterey Rule 218, section 3.5.2, EPA has reviewed the proposed permit during our 45 day review period.

In general, the proposed permit establishes enforceable conditions with good monitoring, record keeping and reporting requirements. However, as my staff discussed with you on March 6, there are several issues that require changes to the proposed permit. We are also including other recommendations listed in the enclosure to improve the clarity and enforceability of the permit.

As you discussed with my staff, a source may be shielded from enforcement of an applicable requirement only if the permit contains an explicit permit shield (40 CFR §70.6(f)(2)) and District rule 218). In this case, the source could be shielded from the gas turbine NSPS if the BACT emission limits and compliance requirements ensure that the source will meet the NSPS requirements (please refer to EPA White Paper 2 (March 5, 1996) for more information on streamlining). The District is not required to add a permit shield language to the permit, but the source will not be shielded from the NSPS gas turbine requirements without this language.

The permit analysis must also determine whether requirements of section 112(r) of the CAAA apply to the source. Although facility's application indicates that a Risk Management Plan (RMP) will be required, we understand that the application may refer to a non-federal requirement instead of the RMP associated with section 112(r). If section 112(r) applies, however, the District must add a condition to the permit to address the requirements provided in 40 CFR part 68 (see enclosure for suggested language).

The District may issue the permit if our concern regarding 112(r) is resolved. We also strongly encourage the District to include our other

recommendations as well. Please note that if the permit is later found to require corrective steps (including, but not limited to, reopening the permit for cause) the expiration of both EPA's review period and the public petition period does not compromise the Agency's authority to take such measures. The terms contained in this permit are specific to the facility and do not create conditions for the use, operation, or reliance of any other party.

If you have any questions concerning this matter, please do not hesitate to contact Ed Pike at (415) 744-1211 or Nahid Zoueshtiagh at (415) 744-1261.

Sincerely,

Matt Haber  
Chief, Permits Office  
Air Division

enclosure

cc: Ray Menebroker, CARB  
Robert Callery, Calpine King City Cogeneration

#### ENCLOSURE

#### EPA Comments on the Proposed Title V Operating Permit for Calpine King City Cogeneration

##### 1) Requirements under 112 (r)

The evaluation report must determine whether the source is subject to a risk management plan (RMP) under section 112(r) of the Clean Air Act. The applicable permit requirements are contained in 40 CFR §68.215.

If this requirement applies to Calpine, as indicated in the table of contents for the permit application, the permit must contain a permit condition for the RMP. Examples of suggested language for section 112(r) requirements for two potential situations are:

a) When the owner or operator knows that the facility is subject to 40 CFR §68.215:

"This facility is subject to 40 CFR part 68. The facility shall submit a risk management plan (RMP) by June 21, 1999, or other dates specified in 40 CFR 68.10. The facility shall certify compliance with these requirements as part of the annual compliance certification as required by 40 CFR part 70."

b) When the owner or operator believes that the facility could be subject to the requirements or wants flexibility to preclude a permit re-opening if the source becomes subject to 112(r):

"Should the facility, as defined in 40 CFR §68.3 become subject to part 68, then the owner or operator shall submit a risk management plan (RMP) by the date specified in 40 CFR §68.10. The facility shall certify compliance as part of the annual certification as required by 40 CFR part 70."

## 2) Title VI Requirements

If 40 CFR Part 82 requirements apply to this facility, the following example language must be added:

"Persons opening appliances for maintenance, service, repair, or disposal must comply with the required practices pursuant to 40 CFR §82.156. Equipment used during maintenance, service, repair, or disposal of appliances must meet the standards for recycling and recovery equipment in accordance with 40 CFR §82.158.

Persons performing maintenance, service, repair or disposal of appliances must be certified by a certified technician pursuant to 40 CFR §82.161."

## 3) Test Methods

We recommend clarifying in condition 29 that the specified EPA test methods will be used. As you suggested during the telephone conversation with our staff, removing the language "MBUAPCD test procedures" in the first sentence will address our concern.

We agree that the source should not fire oil just for the sake of measuring emissions, but recommend clarifying in condition 30 that the continuous emission monitoring (CEM) and fuel sampling required by other permit conditions apply during oil firing. Alternatively, a sentence may be added to Condition 38, to state that CEMs shall operate at all time, regardless of what type of fuel is fired.

Finally, we believe that the exemption for visible emissions (VE) testing in condition 34 should contain a caveat that triggers an EPA method nine test if fuel oil is used for more than a period of time determined and approved by the District. Alternatively, the District could require an EPA method nine opacity if an EPA method 22 test (which does not require a certified observer) determines that any opacity is present.

## 4) Deadlines

We recognize that the District has historically required sources to submit certain reports and records at the time of annual permit renewal. Since the title V permit will be valid for five years, we recommend revising the language in conditions 43 and 44 to instead state the appropriate date associated with the District requirements. We also suggest using more defined terms instead of "reasonable time" and "timely basis" used in Conditions 54 and 55.

#### 5) Cooling Tower Maximum Achievable Control Technology (MACT)

Condition 25 prohibits the use of hexavalent chromium in cooling towers, while the EPA MACT standard regulates all chrome. Therefore, we recommend expanding the prohibition on the use of hexavalent chromium in condition 25 to include all chromium compounds based on the cooling tower MACT standards (40 CFR §63.400).

#### 6) Acid Rain Applicability

We understand that the District has determined that this source qualifies for the Independent Power Producer exemption from title IV (40 CFR §72.6). We recommend adding an explanation of the basis for the title IV exemption to the permit analysis.

#### 7) Citations

We recommend adding rule citations to permit conditions. For example, the General Conditions could reference rule 218 and condition 12 could reference Rule 412.

Please also note that Condition 8 must reference Condition 20 instead of 26.